

[Submitted by Northrim Bank, Anchorage, AK, Sherry Townsend, AVP Loan Compliance]  
RIN number 3064-ZA00

Mira N. Marshall  
Senior Policy Analyst (Compliance)  
Division of Supervision and Consumer Protection  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429

Re: RIN Number 3064-ZA00  
Loans in Areas Having Special Flood Hazards; Interagency Questions and Answers Regarding Flood Insurance

Dear Ms. Marshall:

Thank for the opportunity to comment on the proposed Interagency Questions and Answers Regarding Flood Insurance. The following are our comments on the proposed Frequently Asked questions for which we request clarification.

**Question/Answer #3 & #40**

Question # 3 indicates purchased loans did not trigger flood insurance requirements.  
Question # 40 states participating lender is responsible for ensuring compliance with the regulation. It goes on to say “participating lenders (less than 100% purchased) have controls in place to ensure compliance.

Why would participation owned loan percentages trigger flood insurance requirements differently?

**Question/Answer #7, #10 #12**

According to the guidelines “Insurable Value” indicates this term means “100 % replacement cost value”. Federal examiners indicate they expect financial institutions to use RCV when calculating the correct amount of insurance, rather than it being an option. Without clear regulatory guidance, examiners and bankers are forced to rely on the FEMA guidelines for assistance. Clarification should be made that lenders are not required to use RCC when calculating insurance coverage.

**Question/Answer #21&22**

Both of these questions address agricultural lending. Question #21 states the “Act does not differentiate agricultural lending from other types of lending”. Other types of lending (residential-commercial) consider property with low value buildings as discussed in question #21 and multiple buildings spread out over a large area as discussed in #22. Our recommendation is to not specifically mention loan types such as agriculture.

**Question/Answer #26**

This question states “lenders are encouraged to apprise borrower of this risk as it pertains to coverage shortfalls for condominium policies.” We feel insurance agents are the experts and they should discuss the risks with the borrower.

**Question/Answer #31**

The answer to this question states that a flood determination is required when an **application** is made. The submission of the application is not a trigger of the flood requirements. The trigger is upon making, increasing, renewing or extending a loan. We request language be clear and concise explaining triggering event.

**Question/Answer#33**

Subordinate lien mentioned is limited to home equity loans. This requirement applies to all subordinate liens secured by the improved real estate. Please clarify that this applies to all subordinate lien loans.

**Question/Answer #35**

These questions state content insurance is required in certain instances. We struggle with determining how much content insurance is required. We request content insurance coverage requirements be clearly described.

**Section XI Forced Placement**

We request that the 45 day notice time clock be spelled out. For example; can the notice be sent out 45 days prior to expiration of all policy types?